



# Spatial Economics Research Centre

Monday, 4 August 2008

## Rural Housing

What, if anything, should be done about the fact that rural housing is increasingly expensive relative to rural earnings?

[The Taylor Review](#) suggests a shake up of planning and affordable housing policy as the solution. Central to this is the need to deliver new rural housing by overcoming local objections. In market towns, this would be achieved through “master plans” which would stop the growth of bland housing estates and, instead, deliver popular “neighbourhood extensions”. In smaller rural areas, community led affordable housing initiatives would do this, by delivering local homes for local people.

I have three observations on all of this.

First, developers get a lot of stick for the kind of housing that gets built in the UK. But, blandness aside, it's unclear that they shoulder all the responsibility for the lack of commercial development on the outskirts of our towns and cities. After all, the “town centre first policies” of both this and previous administrations, set out to achieve this very objective. SERC is [undertaking research](#) to increase our understanding of the costs and benefits of these policies. But for the moment, these objectives [look set to stay](#).

Second, providing “local homes for local people” is fraught with difficulties. In effect, such a policy enshrines the right to live where you are born (residency criteria) or where you work (employment criteria). Putting aside the issue of whether these are rights that we should provide for (current policy mostly focuses on housing *need*), they certainly clash with the desire to maintain the positive externalities of the countryside. Thus someone will have to allocate the small amount of desirable housing that gets built in desirable communities. Experience suggests this is very hard to do fairly.

Finally, it is unclear whether these changes would actually decrease local objections to increased housing supply. After all, while some of these concern the ugliness of housing that gets built, the primary objection arises for the simple economic reason that new houses reduce the prices of existing properties. Solving this problem requires us to find mechanisms to compensate the owners of those existing properties. My LSE colleague [Tim Leunig](#) has proposed one such [solution](#). As SERC's research progresses, we hope to develop others.

Posted by [Prof Henry G. Overman](#) on [Monday, August 04, 2008](#)

 Recommend this on Google

### No comments:

[Post a Comment](#)

[Newer Post](#)

[Home](#)

[Older Post](#)

Subscribe to: [Post Comments \(Atom\)](#)

---

Simple theme. Powered by [Blogger](#).